

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 113 final

Brussels, 16 March 1979

THIRD COMMUNICATION CONCERNING THE PROGRAMME FOR THE USE OF CORESPONSIBILITY LEVY FUNDS IN THE MILK SECTOR

(submitted to the Council by the Commission)

Third communication concerning the programme for
the use of coresponsibility levy funds in the
milk sector

1. Article 4(3) of Regulation (EEC) No 1079/77 stipulates that, before each period of application of the levy to be fixed the Commission shall inform the Council of the programme of measures which it is planning to take during the following milk year.

On 25 April 1978 the Commission forwarded to the Council, in its second communication, a revised programme on the use of coresponsibility levy funds in the milk sector (Doc. COM(78) 182 final). This programme was drawn up after discussion with the Coresponsibility Group and after having received the advice of the Advisory Committee and covers the period 16 September 1977 to 31 March 1979.

2. The amount of the levy was 1.5% of the target price for the period 16 September 1977 to 21 May 1978 and was reduced with effect from 22 May 1978 to 0.5% of the target price. Taking into account the exceptions made for mountain areas and the Mezzogiorno, revenue for the 18 1/2 months is expected to total some 191 million u.a. (see Annex 1 for actual receipts per Member State up to November 1978).
3. The funds are to be used in accordance with the programme drawn up after discussion with the Coresponsibility Group and already submitted to the Council, as follows:

(a) advertising and promotion in the Community	27 million u.a.
(b) market research within the Community	4 million u.a.
(c) market research outside the Community	9 million u.a.
(d) school milk	39 million u.a.
(e) butterfat for ice-cream	48 million u.a.
(f) concentrated butter	21 million u.a.
(g) improvement of the quality of milk	<u>25 million u.a.</u>
Subtotal	173 million u.a.
Uncommitted	<u>18 million u.a.</u>
Total	191 million u.a.

4. Since a number of the programmes financed by levy funds did not get off the ground until late in 1978 it is somewhat too early to judge their impact on the dairy market. Nevertheless, one can already indicate that the utilisation of butter for ice-cream manufacture has expanded milk fat utilisation in that sector.

Sales of butter for ice-cream were 38 000 tons in 1978, compared with an estimated utilisation of 15 000 tons had the scheme not existed. This figure could well expand to close to 45 000 tons in 1979, given reasonable market conditions.

5. While it was readily recognised at the outset that the school milk programme would take considerable time to start up, the results to date are disappointing. Indications are that there is considerable scope for expansion in a number of Member States. It would appear that one of the hindrances to more effective implementation of broader application of this scheme is its likely duration and in this context the Commission will examine the possibility of extending the time guarantee beyond the five years presently foreseen by Regulation (EEC) No 1088/77.
6. For the advertising and promotion measures the likely impact is of a longer term nature but to-date 20 contracts have been signed with 17 different organizations amounting to an expenditure of 26.2 million u.a. On the basis also of Regulation (EEC) No 723/78 some 73 contracts are being concluded for market research projects within the Community involving an expenditure of 4 million u.a.
7. A total of 209 proposals have been submitted on the improvement of the quality of milk up to 31 March 1980 pursuant to Regulation (EEC) No 1271/78. This will exhaust the 25 million u.a. available.
8. 131 proposals for market research and 66 proposals for technical assistance outside the Community on expenditure foreseen up to 31 March 1980 have been submitted before 30 November pursuant to Regulation (EEC) No 1024/78 and

(230) No 1993/78 respectively. After the projects have been examined and discussed in the Coresponsibility Group and in the Management Committee, the Commission will conclude the relevant contracts with the parties concerned and the allocation of 9 million u.a. will be made available.

9. Some 13 750 tons of butter have been made available for the manufacture of butter concentrate but to-date actual offtake has been particularly disappointing. However, again the indications are that the performance may be somewhat improved in 1979.

10. The above outlines some positive results already from the levy funds but nevertheless actual expenditure shall fall short of earlier expectations and, as outlined below, the gap between expenditure and funds generated by the levy will be some 67.5 m.u.a., i.e. 191 minus 123.5 m.u.a. :

(a) Advertizing, promotion in the Community	27.0 MUA
(b) Market research in the Community	4.0 MUA
(c) Market research outside the Community	9.0 MUA
(d) Improvement of milk quality	25.0 MUA
(e) School milk	15.5 MUA
(f) Butterfat for ice-cream	30.0 MUA
(g) Concentrated butter	13.0 MUA
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	123.5 MUA

11. The Commission, after ^(CONSULTATION OF) the trade organizations concerned, considers that the remainder of 67.5 m.u.a., to which could be added 19.5 m.u.a. where application of the levy continues until 31 May 1979, in accordance with the Commission's proposal concerning the fixing of prices for certain agricultural products and certain related measures (COM(79) 10 final), should be divided up in the following way :

I. Appropriations which may be committed immediately :

- advertizing, sales promotion within the EEC	27 MUA
- distribution of milk in schools	18 MUA
- use of butterfat for the manufacture of ice-cream	19.5 MUA
- concentrated butter	3 MUA
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	67.5 MUA

II. Appropriations which may be committed following an examination of the proposals made under Regulations Nos 1993/78, 723/78 and 1271/78, conclusion of relevant contracts and final consultation of the trade organizations concerned :

- market research outside the Community	9 MUA
- market research within the Community	4 MUA
- improving the quality of milk	6.5 MUA
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	19.5 MUA

Total 37 MUA.

Annexe

Recettes et Dépenses de " Coresponsabilité "

(situation globale "extra-budgétaire")

XIX/A/1/ AP/dm 30.1.1979
VI/6/1

en MUC/agricole

Recettes			Dépenses			
Produit de prélèvement de coresponsabilité			Actions	Programme établi le 25.4.78 (période : 16.9.77-31.3.79)	Dépenses prévisibles du 16.9.77 (1) au 31.3.79.	Propositions pour l'utilisation de la réserve (du 16.9.77 au 31.3.79)
16.9.77-30.11.78	16.9.77- 31.3.79	16.9.77-31.5.79				
Constataction	Prevision	Prevision				
151,9	191	210,5	a) Publicité et promotion	27	27	+ 27
			b) Recherches du marché à l'intérieur de la Communauté	4	4	+ 4
			c) Recherches du marché à l'extérieur de la Communauté	9	9	+ 9
			d) lait aux écoles	39	15,5	+ 18
			e) beurre pour glaces	48	30	+ 19,5
			f) beurre concentré	21	13	+ 5
			g) amélioration de la qualité de lait	25	25	+ 6,5
				175	123,5	
			Réserve	18	Dispo- nible 67,5	+ 87
				191	191	= 87

(1) Il ne s'agit pas de l'exécution budgétaire dans le sens formel, mais de l'état d'avancement des dépenses (compte tenu notamment des contrats passés ou prévus pour les actions a) b) c) et g.).

N.B. Le présent tableau reproduit la situation du compte de coresponsabilité en faisant abstraction du contexte budgétaire formel (prévision et exécution des articles 628 629 du Budget.)

Situation budgétaire relative à la "corresponsabilité"
(état provisoire)

MUCE

Produit du prélèvement					Actions prévues	Postes dans nomenclature Budget 1978/79	Dépenses prévisibles sur base du programme		Dépenses						Estimation de l'équilibre sur base prévisionnelle		
									Budget 1977		Budget 1978		Budget 1979		Recettes du 15.9.77 au 31.5.79	Dépense	
							Exercice budgétaire	Prévisions MUCA	MUCE	Réalisations MUCA	MUCE	déjà décidé (MUCA)	proposé (MUCA)	Prévision	Exécution	Prévision	Exécution estimée sur 12 mois
1977	35,3	30,8	21,8	24,2	a) Publicité et promotion	6291	27	27	dotation budgétaire	Pas de dépenses	44,7	(18)	74	92			
1978	14,2	239,3	(150,5)	(165,6)	b) Recherche des marchés à l'intérieur de la Communauté		4	4									
1979		(1) 30,9			c) Recherche des marchés à l'extérieur de la Communauté		9	9									
1979					d) Lait aux écoles	6292	15,5	18	non	(= crédit	29,1	(11,1)	27,8	30,9	38,9		
corresponsabilité à 0,5 % du 1.4.79 au 30.5.79	19,5	(22,7)			e) Beurre pour glaces	6293	30	19,5	identifié	de 24 MUC	52,5	(28,6)	30,9	47,6	76,2		
					f) Beurre concentré	13	3	(=35,3 sur	reporté								
					g) Amélioration de la qualité du lait	6294	25	6,5	divers	en 1978)							
					h) Autres	6299	-	-	postes		113	-	36	36			
soit une recette estimée, du 15.9.77 au 31.5.79, de 243,2 MUCE.							123,5	87						185,4	243,1		
								7									
								123,5 (soit +/-)	87 (243 MUCE)	35,3	(24 = report en 1978)	239,3	(57,7)	30,9	243,2		

*2 Estimation: exécution du 1.1.78 au 30.11.78 = 125,4 MUCA sans l'Italie soit 140 MUCE.

+/- 131,0 différence entre recettes et dépenses (à la fin de 1978)

1) Les prévisions de 1979 seront à rectifier si la proposition actuelle de la Commission dans le "paquet prix" 1979/80 sera acceptée.

2) Le programme couvre la période 16.9.77 -31.3.79 et n'est donc pas directement comparable avec les dotations des divers exercices

